

**Proposed Substitute
Bill No. 5572**

LCO No. 3207

AN ACT CONCERNING SMALL LOAN LICENSEES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-555 of the 2016 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2016*):

4 [No person shall (1) engage in the business of making loans of
5 money or credit; (2) make, offer, broker or assist a borrower in
6 Connecticut to obtain such a loan; or (3) in whole or in part, arrange
7 such loans through a third party or act as an agent for a third party,
8 regardless of whether approval, acceptance or ratification by the third
9 party is necessary to create a legal obligation for the third party,
10 through any method, including, but not limited to, mail, telephone,
11 Internet or any electronic means, in the amount or to the value of
12 fifteen thousand dollars or less for loans made under section 36a-563 or
13 section 36a-565, and charge, contract for or receive a greater rate of
14 interest, charge or consideration than twelve per cent per annum
15 therefor, unless licensed to do so by the commissioner pursuant to
16 sections 36a-555 to 36a-573, inclusive. The provisions of this section
17 shall not apply to (A) a bank, (B) an out-of-state bank, (C) a
18 Connecticut credit union, (D) a federal credit union, (E) an out-of-state
19 credit union, (F) a savings and loan association wholly owned

20 subsidiary service corporation, (G) a person to the extent that such
21 person makes loans for agricultural, commercial, industrial or
22 governmental use or extends credit through an open-end credit plan,
23 as defined in 15 USC 1602, as amended from time to time, for the retail
24 purchase of consumer goods or services, (H) a mortgage lender or
25 mortgage correspondent lender licensed pursuant to section 36a-489
26 when making residential mortgage loans, as defined in section 36a-485,
27 or (I) a licensed pawnbroker.]

28 As used in this section and sections 36a-556 to 36a-573, inclusive, as
29 amended by this act:

30 (1) "Advertise" or "advertising" means any announcement,
31 statement, assertion or representation that is placed before the public
32 in a newspaper, magazine or other publication, or in the form of a
33 notice, circular, pamphlet, letter or poster or over any radio or
34 television station, by means of the Internet, or by other electronic
35 means of distributing information, by personal contact, or in any other
36 way or medium;

37 (2) "APR" means the annual percentage rate for the loan calculated
38 according to the provisions of the federal Truth-in-Lending Act, 15
39 USC 1601 et seq., as amended from time to time, and the regulations
40 promulgated thereunder;

41 (3) "Branch office" means a location other than the main office where
42 the licensee, or any person on behalf of the licensee, will engage in
43 activities that require a small loan license;

44 (4) "Connecticut borrower" means any borrower who resides in or
45 maintains a domicile in this state and who (A) negotiates or agrees to
46 the terms of the small loan in person, by mail, by telephone or via the
47 Internet while physically present in this state, (B) enters into or
48 executes a small loan agreement with the lender in person, by mail, by
49 telephone or via the Internet while physically present in this state, or
50 (C) makes a payment on the loan in this state. For purposes of this
51 subdivision, "payment on the loan" includes a debit on an account the

52 borrower holds in a branch of a financial institution or the use of a
53 negotiable instrument drawn on an account at a financial institution.
54 For purposes of this subdivision, "financial institution" means any
55 bank or credit union chartered or licensed under the laws of this state,
56 any other state or the United States and having its main office or a
57 branch office in this state;

58 (5) "Control person" means an individual that directly or indirectly
59 exercises control over another person, and includes any person that (A)
60 is a director, general partner or executive officer; (B) in the case of a
61 corporation, directly or indirectly has the right to vote ten per cent or
62 more of a class of any voting security or has the power to sell or direct
63 the sale of ten per cent or more of any class of voting securities; (C) in
64 the case of a limited liability company, is a managing member; or (D)
65 in the case of a partnership, has the right to receive upon dissolution,
66 or has contributed, ten per cent or more of the capital. For purposes of
67 this subdivision, "control" means the power, directly or indirectly, to
68 direct the management or policies of a company, whether through
69 ownership of securities, by contract or otherwise;

70 (6) "Generating leads" means (A) initiating consumer interest or
71 inquiry into a small loan by online marketing, direct response
72 advertising, telemarketing or other similar consumer contact; (B)
73 engaging in the business of selling leads for small loans; (C) generating
74 or augmenting leads for other persons for or with the expectation of
75 compensation or gain; or (D) referring consumers to other persons for
76 a small loan for or with the expectation of compensation or gain;

77 (7) "Lead" means any information identifying a potential consumer
78 of a small loan;

79 (8) "Main office" means the main address designated on the system;

80 (9) "Open-end small loan" means a small loan where the loan
81 agreement provides that the lender may permit the borrower to obtain
82 advances of money from time to time or provides that the lender may
83 advance money on behalf of the borrower from time to time as

84 directed by the borrower;

85 (10) "Person" means a natural person, corporation, company, limited
86 liability company, partnership or association;

87 (11) "Small loan" means any loan of money or extension of credit, or
88 the purchase of, or an advance of money on, a borrower's future
89 income where the following conditions are present: (A) The amount or
90 value is fifteen thousand dollars or less; and (B) the APR is greater
91 than twelve per cent. For purposes of this subdivision, "future income"
92 means any future potential source of money, and expressly includes,
93 but is not limited to, a future pay or salary, pension or tax refund. For
94 purposes of sections 36a-555 to 36a-573, inclusive, as amended by this
95 act, "small loan" shall not include: (i) A retail installment contract made
96 in accordance with section 36a-772; or (ii) a loan or extension of credit
97 for agricultural, commercial, industrial or governmental use;

98 (12) "Trigger lead" means a consumer report obtained pursuant to
99 Section 604(C)(1)(B) of the Fair Credit Reporting Act, 15 USC 1681b,
100 where the issuance of the report is triggered by an inquiry made with a
101 consumer reporting agency in response to an application for credit.
102 "Trigger lead" does not include a consumer report obtained by a small
103 loan lender that holds or services existing indebtedness of the
104 applicant who is the subject of the report; and

105 (13) "Unique identifier" means a number or other identifier assigned
106 by protocols established by the system.

107 Sec. 2. Section 36a-556 of the general statutes is repealed and the
108 following is substituted in lieu thereof (*Effective July 1, 2016*):

109 [Upon the filing of the required application and license fee, the
110 commissioner shall investigate the facts and, if the commissioner finds
111 that (1) the experience, character and general fitness of the applicant,
112 and of the members thereof if the applicant is a partnership, limited
113 liability company or association, and of the officers and directors
114 thereof if the applicant is a corporation, are satisfactory, (2) a license to

115 such applicant will be for the convenience and advantage of the
116 community in which the applicant's business is to be conducted, and
117 (3) the applicant has the capital investment required by this section, the
118 commissioner shall issue a license to the applicant to make loans in
119 accordance with sections 36a-555 to 36a-573, inclusive. If the
120 commissioner fails to make such findings or finds that the applicant
121 made a material misstatement in the application, the commissioner
122 shall not issue a license and shall notify the applicant of the denial and
123 the reasons for such denial. The commissioner may deny an
124 application if the commissioner finds that the applicant or any
125 member, officer, or director of the applicant has been convicted of any
126 misdemeanor involving any aspect of the small loan lender business,
127 or any felony. Any denial of an application by the commissioner shall,
128 when applicable, be subject to the provisions of section 46a-80.
129 Withdrawal of an application for a license shall become effective upon
130 receipt by the commissioner of a notice of intent to withdraw such
131 application. The commissioner may deny a license up to the date one
132 year after the date the withdrawal became effective. The capital
133 investment shall be not less than twenty-five thousand dollars for each
134 licensed location in a city or town with a population of ten thousand or
135 more inhabitants and ten thousand dollars for each licensed location in
136 a city or town with a smaller population. Population shall be
137 determined according to the last United States census at the time a
138 license is granted.]

139 (a) Without having first obtained a small loan license from the
140 commissioner pursuant to section 36a-565, as amended by this act, no
141 person shall, by any method, including, but not limited to, mail,
142 telephone, Internet or other electronic means, unless exempt pursuant
143 to section 36a-557, as amended by this act:

144 (1) Make a small loan to a Connecticut borrower;

145 (2) Offer to solicit or broker, directly or indirectly arrange, place or
146 find a small loan for a prospective Connecticut borrower;

147 (3) Engage in any other activity to assist a prospective Connecticut

148 borrower in obtaining a small loan, including, but not limited to,
149 generating leads or making referrals for small loans;

150 (4) Receive payments of principal and interest in connection with a
151 small loan made to a Connecticut borrower;

152 (5) Purchase, acquire or receive assignment of a small loan made to
153 a Connecticut borrower; and

154 (6) Advertise or cause to be advertised in this state a small loan or
155 any of the services described in subdivisions (1) to (5), inclusive, of this
156 subsection.

157 (b) No person shall accept any lead, referral or application for a
158 small loan to a prospective Connecticut borrower from a person who is
159 not (A) licensed pursuant to section 36a-565, as amended by this act, or
160 (B) exempt from licensure pursuant to section 36a-557, as amended by
161 this act.

162 (c) No person shall sell, transfer, pledge, assign or otherwise dispose
163 of any small loan made to a Connecticut borrower to any person who
164 is not licensed pursuant to section 36a-565, as amended by this act, or
165 exempt from licensure pursuant to section 36a-557, as amended by this
166 act.

167 Sec. 3. Section 36a-557 of the general statutes is repealed and the
168 following is substituted in lieu thereof (*Effective July 1, 2016*):

169 [(a) An application for such license shall be in writing, under oath
170 and in the form prescribed by the commissioner, and shall include (1)
171 the history of criminal convictions of the applicant; the members, if the
172 applicant is a partnership, limited liability company or association; or
173 the officers and directors, if the applicant is a corporation, and (2)
174 sufficient information pertaining to the history of criminal convictions,
175 in a form acceptable to the commissioner, on such applicant, members,
176 officers and directors as the commissioner deems necessary to make
177 the findings under section 36a-556. The commissioner, in accordance
178 with section 29-17a, may conduct a state and national criminal history

179 records check of the applicant and of each member, officer and director
180 of the applicant. The commissioner may deem an application for a
181 license as a small loan lender abandoned if the applicant fails to
182 respond to any request for information required under sections 36a-
183 555 to 36a-573, inclusive, or any regulations adopted pursuant to said
184 sections 36a-555 to 36a-573, inclusive. The commissioner shall notify
185 the applicant, in writing, that if such information is not submitted not
186 later than sixty days after such request, the application shall be
187 deemed abandoned. An application filing fee paid prior to the date an
188 application is deemed abandoned pursuant to this subsection shall not
189 be refunded. Abandonment of an application pursuant to this
190 subsection shall not preclude the applicant from submitting a new
191 application for a license under sections 36a-555 to 36a-573, inclusive.

192 (b) Withdrawal of an application for a license filed under subsection
193 (a) of this section shall become effective upon receipt by the
194 commissioner of a notice of intent to withdraw such application. The
195 commissioner may deny a license up to the date one year after the date
196 the withdrawal became effective.]

197 The following are exempt from the requirement for licensure set
198 forth in section 36a-556, as amended by this act: (1) A bank; (2) an out-
199 of-state bank; (3) a Connecticut credit union; (4) a federal credit union;
200 (5) an out-of-state credit union; (6) a savings and loan association
201 wholly owned subsidiary service corporation; (7) a licensed
202 pawnbroker; and (8) a person engaged as a third party in collecting or
203 receiving moneys due from a Connecticut borrower on a small loan for
204 payment to others, if such person is licensed as a consumer collection
205 agency in accordance with section 36a-801.

206 Sec. 4. Section 36a-558 of the general statutes is repealed and the
207 following is substituted in lieu thereof (*Effective July 1, 2016*):

208 [(a) Each applicant for a small loan lender license, at the time of
209 making such application, shall pay to the commissioner a license fee of
210 eight hundred dollars, provided if such application is filed not earlier
211 than one year before the date such license will expire, the applicant

212 shall pay to the commissioner a license fee of four hundred dollars.
213 Each such license shall expire at the close of business on September
214 thirtieth of the odd-numbered year following its issuance, unless such
215 license is renewed, provided any license that is renewed effective July
216 1, 2003, shall expire on September 30, 2005. Each licensee shall, on or
217 before September first of the year in which the license expires, or in the
218 case of a license that expires on June 30, 2003, on or before June 1, 2003,
219 file a renewal application and pay to the commissioner a license fee of
220 eight hundred dollars to renew the license, provided if such
221 application is for renewal of a license that expires on June 30, 2003, the
222 applicant shall pay the commissioner a license fee of nine hundred
223 dollars. Any renewal application filed with the commissioner after
224 September first, or in the case of a license that expires on June 30, 2003,
225 after June 1, 2003, shall be accompanied by a one-hundred-dollar late
226 fee and any such filing shall be deemed to be timely and sufficient for
227 purposes of subsection (b) of section 4-182. Whenever an application
228 for a license, other than a renewal application, is filed under this
229 section by any person who was a licensee and whose license expired
230 less than sixty days prior to the date such application was filed, such
231 application shall be accompanied by a one-hundred-dollar processing
232 fee in addition to the application fee. Each applicant shall pay the
233 expenses of any examination or investigation made under sections 36a-
234 555 to 36a-573, inclusive.

235 (b) If the commissioner determines that a check filed with the
236 commissioner to pay a fee under subsection (a) of this section has been
237 dishonored, the commissioner shall automatically suspend the license
238 or a renewal license that has been issued but is not yet effective. The
239 commissioner shall give the licensee notice of the automatic
240 suspension pending proceedings for revocation or refusal to renew
241 and an opportunity for a hearing on such actions in accordance with
242 section 36a-51.

243 (c) No abatement of the license fee shall be made if the license is
244 surrendered, revoked or suspended prior to the expiration of the
245 period for which it was issued. All fees required by this section shall be

246 nonrefundable.]

247 (a) No person licensed or required to be licensed by section 36a-556,
248 as amended by this act, shall engage in any of the activities described
249 in subdivision (1), (2), (3) or (6) of subsection (a) of section 36a-556, as
250 amended by this act, for any small loan that contains any condition or
251 provision inconsistent with the requirements in subsections (d) to (g),
252 inclusive, of this section.

253 (b) No person licensed or required to be licensed by section 36a-556,
254 as amended by this act, and no person exempt from licensure by
255 section 36a-557, as amended by this act, shall engage in any of the
256 activities described in subdivision (4), (5) or (6) of subsection (a) of
257 section 36a-556, as amended by this act, for any small loan made by a
258 person who was licensed or who was required to be licensed by
259 section 36a-556, as amended by this act, that contains any condition or
260 provision inconsistent with the requirements in subsections (d) to (g),
261 inclusive, of this section.

262 (c) (1) Except as the result of a bona fide error or as set forth in
263 subdivision (2) of this subsection, any small loan described in
264 subsections (a) or (b) of this section that contains any condition or
265 provision inconsistent with the requirements in subsections (d) to (g),
266 inclusive, of this section, shall not be enforced in this state. Such small
267 loan shall be void and no person shall have the right to collect or
268 receive any principal, interest, charge or other consideration, thereon.
269 Any person attempting to collect or receive principal, interest, charge
270 or other consideration on such small loan shall be subject to the
271 provisions of section 36a-570, as amended by this act.

272 (2) Subdivision (1) of this subsection shall not apply when: (A) The
273 inconsistent condition or provision is the result of a bona fide error; or
274 (B) the small loan was lawfully made in compliance with a validly
275 enacted licensed loan law of another state to a borrower who was not,
276 at the time of the making of such loan, a Connecticut borrower but
277 who has since become a Connecticut borrower.

278 (3) For the purposes of this subsection, the term "bona fide error"
279 includes, but is not limited to, clerical, calculation and computer
280 malfunction, programming and printing errors, but does not include
281 an error of legal judgment with respect to a person's obligations under
282 sections 36a-555 to 36a-573, inclusive, as amended by this act, or under
283 regulations implemented pursuant to section 36a-573, as amended by
284 this act.

285 (d) Small loans that are the subject of the activities set forth in
286 subsections (a) and (b) of section 36a-556, as amended by this act, shall
287 not contain:

288 (1) For a small loan that is under five thousand dollars, an annual
289 percentage rate that shall not exceed the maximum annual percentage
290 rate for interest that is permitted with respect to the consumer credit
291 extended under the Military Lending Act, 10 USC 987 et seq., as
292 amended from time to time, or for a small loan that is between five
293 thousand and fifteen thousand dollars, an annual percentage rate that
294 shall not exceed twenty-five per cent;

295 (2) A provision that increases the interest rate due to default;

296 (3) A payment schedule with regular periodic payments that when
297 aggregated do not fully amortize the outstanding principal balance;

298 (4) A payment schedule with regular periodic payments that cause
299 the principal balance to increase;

300 (5) A payment schedule that consolidates more than two periodic
301 payments and pays them in advance from the proceeds, unless such
302 payments are required to be escrowed by a governmental agency;

303 (6) A prepayment penalty;

304 (7) An adjustable rate provision;

305 (8) A waiver of participation in a class action or a provision
306 requiring a borrower, whether acting individually or on behalf of

307 others similarly situated, to assert any claim or defense in a nonjudicial
308 forum that: (A) Utilizes principles that are inconsistent with the law as
309 set forth in the general statutes or common law; (B) limits any claim or
310 defense the borrower may have; or (C) is less convenient, more time
311 consuming and more costly for the resolution of a dispute than a
312 judicial forum established in this state where the borrower may
313 otherwise properly bring a claim or defense;

314 (9) A call provision that permits the lender, in its sole discretion, to
315 accelerate the indebtedness, except when repayment of the loan is
316 accelerated by a bona fide default pursuant to a due-on-sale clause
317 provision or another provision of the loan agreement unrelated to the
318 payment schedule, including, but not limited to, bankruptcy or
319 receivership;

320 (10) A security interest, except as provided in subsection (e) of this
321 section; or

322 (11) Fees or charges of any kind, except as expressly permitted by
323 subsection (e) of this section.

324 (e) Small loans as described in subsections (a) and (b) of this section
325 may contain provisions:

326 (1) For late fees, if: (A) Such fees are assessed after an installment
327 remains unpaid for ten or more consecutive days, including Sundays
328 and holidays; (B) such fees do not exceed the lesser of five per cent of
329 the outstanding installment payment, excluding any previously
330 assessed late fees, or a total of ten dollars per month, whichever is less;
331 and (C) no interest is charged on such fees;

332 (2) Allowing charges for a dishonored check or any other form of
333 returned payment, so long as the total fee for such returned payment
334 does not exceed twenty dollars;

335 (3) Allowing for collection of deferral charges, but only upon the
336 specific written authorization of the borrower and in a total amount
337 not to exceed the interest due during the applicable billing cycle;

338 (4) Allowing for the accrual of interest after the maturity date or the
339 deferred maturity date, provided such interest shall not exceed twelve
340 per cent per annum computed on a daily basis on the respective
341 unpaid balances;

342 (5) Providing for reasonable attorney's fees subject to the conditions
343 and restrictions set forth in section 42-150aa;

344 (6) Including credit life insurance or credit accident and health
345 insurance subject to the conditions and restrictions set forth in section
346 36a-559, as amended by this act;

347 (7) Taking a security interest in a motor vehicle in connection with a
348 closed-end small loan made solely for the purchase of such motor
349 vehicle, provided the APR of such loan shall not exceed the rates
350 indicated for the respective classifications of motor vehicles as follows:
351 (A) New motor vehicles, fifteen per cent; (B) used motor vehicles of a
352 model designated by the manufacturer by a year not more than two
353 years prior to the year in which the sale is made, seventeen per cent;
354 and (C) used motor vehicles of a model designated by the
355 manufacturer by a year more than two years prior to the year in which
356 the sale is made, nineteen per cent.

357 (f) Open-end small loans as described in subsections (a) and (b) of
358 this section shall, in addition to the requirements set forth in
359 subsections (d) and (e) of this section:

360 (1) Not have an APR that exceeds nineteen and eight-tenths per
361 cent;

362 (2) Not provide for an advance of money exceeding at any one time
363 an unpaid principal of fifteen thousand dollars;

364 (3) Provide for payments and credits to be made to the same
365 borrower's account from which advances, interests, charges and costs
366 on such loan are debited;

367 (4) Provide for interest to be computed on any unpaid principal

368 balance of the account in each billing cycle by one of the following
369 methods: (A) By converting the APR to a daily rate and multiplying
370 such daily rate by the daily unpaid principal balance of the account, in
371 which case the daily rate is determined by dividing the APR by three
372 hundred sixty-five; or (B) by converting the APR to a monthly rate and
373 multiplying the monthly rate by the average daily unpaid principal
374 balance of the account in the billing cycle, in which case (i) the monthly
375 rate is determined by dividing the APR by twelve, and (ii) the average
376 daily unpaid principal balance is the sum of the amount unpaid each
377 day during the cycle divided by the number of days in the cycle. In
378 either of such computations, the billing cycle shall be monthly and the
379 unpaid principal balance on any day shall be determined by adding to
380 any balance unpaid as of the beginning of such day all advances and
381 other permissible amounts charged to the borrower and deducting all
382 payments and other credits made or received that day;

383 (5) Not compound interest or charges by adding any unpaid interest
384 or charges authorized by sections 36a-555 to 36a-573, inclusive, as
385 amended by this act, to the unpaid principal balance of the borrower's
386 account; or

387 (6) Not include any other fees or charges of any kind, except as
388 expressly permitted by subsection (g) of this section.

389 (g) Open-end small loans as described in subsections (a) and (b) of
390 this section, in addition to the requirements set forth in subsections (d)
391 to (f), inclusive, of this section, may:

392 (1) Provide for an annual fee for the privileges made available to the
393 borrower under the open-end loan agreement, provided such annual
394 fee does not exceed fifty dollars; and

395 (2) Include credit life insurance or credit accident and health
396 insurance, subject to the conditions and restrictions set forth in section
397 36a-559, as amended by this act.

398 (h) No person licensed or required to be licensed under sections 36a-

399 555 to 36a-573, inclusive, as amended by this act, who is engaged in
400 generating leads shall:

401 (1) Initiate any outbound telephone call using an automatic
402 telephone dialing system or an artificial or prerecorded voice without
403 the prior express written consent of the recipient;

404 (2) Fail to transmit or cause to transmit the lead generator's name
405 and telephone number to any caller identification service in use by a
406 consumer;

407 (3) Initiate an outbound telephone call to a consumer's residence
408 between nine o'clock p.m. and eight o'clock a.m. local time at the
409 consumer's location;

410 (4) Fail to clearly and conspicuously identify the lead generator and
411 the purpose of the contact in its written and oral communications with
412 a consumer;

413 (5) Fail to provide the ability to opt out of any unsolicited
414 advertisement communicated to a consumer via an electronic mail
415 address;

416 (6) Initiate an unsolicited advertisement via electronic mail to a
417 consumer more than ten business days after the receipt of a request
418 from such consumer to opt out of such unsolicited advertisements;

419 (7) Use a subject heading or electronic mail address in a commercial
420 electronic mail message that would likely mislead a recipient, acting
421 reasonably under the circumstances, about a material fact regarding
422 the sender, contents or subject matter of the message;

423 (8) Sell, lease, exchange or otherwise transfer or release the
424 electronic mail address or telephone number of a consumer who has
425 requested to be opted out of future solicitations;

426 (9) Collect, buy, lease, exchange or otherwise transfer or receive an
427 individual's Social Security number or bank account number;

428 (10) Use information from a trigger lead to solicit consumers who
429 have opted out of firm offers of credit under the federal Fair Credit
430 Reporting Act;

431 (11) Initiate a telephone call to a consumer who has placed his or her
432 contact information on a federal or state Do Not Call list, unless the
433 consumer has provided express written consent;

434 (12) Represent to the public, through advertising or other means of
435 communicating or providing information, including, but not limited
436 to, the use of business cards or stationery, brochures, signs or other
437 promotional items, that such lead generator can or will perform any
438 other activity requiring licensure under title 36a, unless such lead
439 generator is duly licensed to perform such other activity or exempt
440 from such licensure requirements;

441 (13) Refer applicants to, or receive a fee from, any person who is
442 required to be licensed under title 36a, but was not so licensed as of the
443 time of the performance of such lead generator's services;

444 (14) Assist or aid and abet any person in the conduct of business
445 requiring licensure under title 36a when such person does not hold the
446 license required;

447 (15) Directly or indirectly employ any scheme, device or artifice to
448 defraud or mislead any person;

449 (16) Make, in any manner, any false, misleading or deceptive
450 statement or representation in connection with a small loan or engage
451 in bait and switch advertising; or

452 (17) Negligently make any false statement or knowingly and
453 wilfully make any omission of material fact in connection with any
454 information or report filed with a governmental agency or the system
455 or in connection with any investigation conducted by the
456 commissioner or another governmental agency.

457 Sec. 5. Section 36a-559 of the general statutes is repealed and the

458 following is substituted in lieu thereof (*Effective July 1, 2016*):

459 [No license shall be assignable nor shall any license be transferable
460 to cover a place of business not located in either the same or an
461 adjacent city or town. Any change in a licensee's place of business
462 either within the same or to an adjacent city or town shall be in
463 accordance with section 36a-562. The license shall be kept
464 conspicuously posted in the place of business of the licensee. Every
465 license shall remain in force and effect until the same has been
466 surrendered, revoked or suspended, or has expired in accordance with
467 the provisions of sections 36a-555 to 36a-573, inclusive. Any license
468 which is revoked or suspended shall be immediately surrendered to
469 the commissioner. If any change occurs in the personnel of the
470 partners, principals, directors, officers or managers of any licensee, the
471 licensee shall forthwith notify the commissioner, and the commissioner
472 may require a statement under oath giving such information as the
473 commissioner may reasonably require with respect to such change.]

474 (a) Subject to the conditions provided in this section, insurance may
475 be sold to a Connecticut borrower at the request of the borrower (1) for
476 insuring the life of persons obligated on a small loan pursuant to
477 sections 38a-645 to 38a-658, inclusive, and (2) providing accident and
478 health insurance covering one person on a small loan pursuant to
479 sections 38a-645 to 38a-658, inclusive. In the case of credit life
480 insurance sold under subdivision (1) of this subsection, the amount of
481 the insurance shall be sufficient to pay the total balance of the loan due
482 on the date of the insured's death. Credit accident and health insurance
483 sold under subdivision (2) of this subsection shall not provide
484 indemnity against the risk of a borrower becoming disabled for a
485 period of less than fourteen days, except that it may provide for
486 retroactive coverage if the disability continues for the period stated in
487 the policy. Irrespective of the number of obligors, only one obligor
488 may be insured, except that life insurance may cover both a borrower
489 and such borrower's spouse where both are obligors on a small loan. A
490 licensee shall not require the purchase of insurance as a condition
491 precedent to the making of a small loan. A licensee shall, both verbally

492 and in writing, inform the borrower prior to entering into any small
493 loan contract of his or her right not to purchase credit insurance. In
494 order to be excluded from the APR calculation, the charge for
495 insurance shall be reasonable, the licensee may not receive any direct
496 or indirect compensation relating to the sale of the insurance and the
497 charge for the insurance may not be paid to an affiliate of the licensee.

498 (b) If a borrower obtains credit accident and health insurance, the
499 borrower shall have the right to cancel such credit accident and health
500 insurance at any time by giving written notice of cancellation to the
501 licensee. Notification of this right shall be made in the borrower's
502 insurance election. All persons obligated on the loan shall agree in
503 writing to the cancellation and return all certificates of insurance.
504 Upon cancellation, the licensee shall, at the licensee's option, either
505 refund the insurance charges to the borrower or apply them to the
506 unpaid balance of the loan.

507 (c) For the purposes of this section, in the case of an open-end small
508 loan, the additional charge for credit life insurance or credit accident
509 and health insurance shall be calculated in each billing cycle by
510 applying the current monthly premium rate for such insurance, as
511 such rate may be determined by the Insurance Commissioner, to the
512 unpaid balances in the account, using any of the methods for the
513 calculation of loan charges specified in subdivision (4) of subsection (f)
514 of section 36a-558, as amended by this act. No credit life insurance or
515 credit accident and health insurance written in connection with an
516 open-end small loan shall be cancelled by the licensee because of
517 delinquency of the borrower in the making of the required minimum
518 payments on the loan unless (1) one or more of such payments is past
519 due for a period of ninety days or more, and (2) the licensee advances
520 to the insurer the amounts required to keep the insurance in force
521 during such period, which amounts may be debited from the
522 borrower's account. Any cancellation shall be effective at the end of the
523 billing cycle in which the notice is received and the licensee shall
524 discontinue any further charges for credit accident and health
525 insurance.

526 Sec. 6. Section 36a-560 of the general statutes is repealed and the
527 following is substituted in lieu thereof (*Effective July 1, 2016*):

528 [No licensee shall make any loan provided for by sections 36a-555 to
529 36a-573, inclusive, under any other name or at any other place of
530 business than that named in the license. Not more than one place of
531 business shall be maintained under the same license, but the
532 commissioner may issue more than one license to the same licensee
533 upon compliance with the provisions of sections 36a-555 to 36a-573,
534 inclusive, as to each new license. Not later than fifteen days after a
535 licensee ceases to engage in this state in the business of a small loan
536 lender for any reason, including a business decision to terminate
537 operations in this state, license revocation, bankruptcy or voluntary
538 dissolution, such licensee shall surrender to the commissioner in
539 person or by registered or certified mail its license for each location in
540 which such licensee has ceased to engage in such business.]

541 No licensee shall:

542 (1) Cause a borrower, including, but not limited to, a comaker or
543 guarantor, to owe at any time more than fifteen thousand dollars for
544 principal;

545 (2) Induce or permit a borrower to split or divide any small loan or
546 loans, or induce or permit a borrower to become obligated, directly or
547 indirectly, under more than one contract of loan at the same time,
548 primarily for the purpose of obtaining rates or charges that would
549 otherwise be prohibited by any applicable provision of sections 36a-
550 555 to 36a-573, inclusive, as amended by this act;

551 (3) Take any (A) confession of judgment, (B) power of attorney, (C)
552 note or promise to pay that does not state the actual amount of the
553 loan, the time period for which the loan is made of the charges for such
554 loan, or (D) instrument related to the loan in which blanks are left to be
555 filled after the loan is made;

556 (4) Offer the borrower any other product or service in connection

557 with a small loan unless (A) permitted by sections 36a-555 to 36a-573,
558 inclusive, as amended by this act, (B) authorized under another license,
559 or by applicable exemption from any requirement for such licensure,
560 to offer such product or services, or (C) if no separate license or
561 exemption therefrom is required to offer such product or services,
562 authorized in advance in writing by the commissioner upon being
563 satisfied that such other product or service is of such a character that
564 the granting of such authority would not permit or easily facilitate
565 evasion of the provisions of sections 36a-555 to 36a-573, inclusive, as
566 amended by this act, or of any regulations promulgated thereunder; or

567 (5) Renew or refinance a small loan unless the renewal or
568 refinancing of the loan will result in a distinct advantage to the
569 borrower, provided restoration to a contractually up-to-date condition
570 shall not, in itself, constitute a distinct advantage to the borrower.

571 Sec. 7. Section 36a-561 of the general statutes is repealed and the
572 following is substituted in lieu thereof (*Effective July 1, 2016*):

573 [No licensee shall conduct the business of making loans under the
574 provisions of sections 36a-555 to 36a-573, inclusive, in association or
575 conjunction with any other type of business or within any office or
576 room where any other type of business is solicited or engaged in,
577 except as may be authorized in writing by the commissioner upon
578 being satisfied that such other business is of such a character that the
579 granting of such authority would not permit or easily facilitate
580 evasions of the provisions of sections 36a-555 to 36a-573, inclusive, or
581 of any regulations adopted under section 36a-570.]

582 No person shall, directly or indirectly, assist or aid and abet any
583 person in conduct prohibited by sections 36a-555 to 36a-573, inclusive,
584 as amended by this act.

585 Sec. 8. Section 36a-562 of the general statutes is repealed and the
586 following is substituted in lieu thereof (*Effective July 1, 2016*):

587 [Prior to changing a licensee's place of business either within the

588 same city or town or to an adjacent city or town, the licensee shall
589 apply to the commissioner, who shall investigate the facts and, if the
590 commissioner finds (1) that allowing the licensee to engage in business
591 in the proposed location is not detrimental to the convenience and
592 advantage of the community, and (2) that the proposed location is
593 reasonably accessible to borrowers under existing loan contracts, the
594 commissioner shall approve the change. If the commissioner does not
595 so find, the commissioner shall deny the application.]

596 In each case where a license is required by section 36a-556, as
597 amended by this act, the licensee shall have a main office license and
598 may have a branch office license. All offices shall be located in the
599 United States. Each main office shall have a qualified individual, who
600 shall be responsible for supervising all aspects of the licensee's small
601 loan business. Each branch shall have a branch manager, who shall be
602 responsible for supervising all aspects of the branch's small loan
603 business.

604 Sec. 9. Section 36a-563 of the 2016 supplement to the general statutes
605 is repealed and the following is substituted in lieu thereof (*Effective July*
606 *1, 2016*):

607 [(a) Every licensee under sections 36a-555 to 36a-573, inclusive, may
608 loan any sum of money not exceeding fifteen thousand dollars,
609 excluding charges, and may charge, contract for and receive thereon
610 charges at a rate not to exceed the following: (1) On any loan which
611 does not exceed one thousand eight hundred dollars, excluding
612 charges, or on any unsecured loan or on any loan secured only by
613 credit life insurance, seventeen dollars per one hundred dollars on that
614 part of the cash advance, not exceeding six hundred dollars, and
615 eleven dollars per one hundred dollars on any remainder when the
616 loan is made payable over a period of one year, and proportionately at
617 those rates over a longer or shorter term of loan; (2) on a loan which
618 exceeds one thousand eight hundred dollars, excluding charges, and
619 which is secured by property other than credit life insurance, eleven
620 dollars per one hundred dollars on the entire cash advance when the

621 loan is made payable over a period of one year, and proportionately at
622 that rate over a longer or shorter term of loan. Such charges shall be
623 computed at the time the loan is made on the full amount of the cash
624 advance for the full term of the loan contract, notwithstanding any
625 agreement to repay the loan in installments. Such charges shall be
626 added to the cash advance and the resulting sum may become the face
627 amount of the note. All payments made on account of any loan, except
628 those applied to default and deferment charges, shall be deemed to be
629 applied to the unpaid installments in the order in which they are due.

630 (b) For the purpose of computations, whether at the maximum rate
631 or less, a month shall be that period of time from any date in one
632 month to the corresponding date in the next month, but if there is no
633 such corresponding date, then to the last day of the next month, and a
634 day shall be considered one-thirtieth of a month when such
635 computation is made for a fraction of a month. For loans originally
636 scheduled to be repaid over a period of forty-eight months and fifteen
637 days or less, the portion of the charges applicable to any particular
638 monthly installment period, as originally scheduled or following a
639 deferment, shall bear the same ratio to the total charges, excluding any
640 adjustment made under subsection (c) of this section, as the balance
641 scheduled to be outstanding during that monthly period bears to the
642 sum of all the monthly balances scheduled originally by the contract of
643 loan. For loans originally scheduled to be repaid over a period in
644 excess of forty-eight months and fifteen days, the portion of the
645 charges applicable to any particular monthly installment period, as
646 originally scheduled or following a deferment, shall be the charges
647 which would be incurred for that monthly installment period if the
648 annual percentage rate disclosed to the borrower pursuant to sections
649 36a-675 to 36a-686, inclusive, were charged, by the actuarial method,
650 on the disclosed amount financed and all payments were made
651 according to schedule.

652 (c) Notwithstanding the requirement in subsection (a) of this
653 section, a borrower and licensee may agree that the first installment
654 due date may be not more than fifteen days more than one month, and

655 the charge for each day in excess of one month shall be one-thirtieth of
656 the portion of the charges applicable to a first installment period of one
657 month. The charges for the extra days shall be added to the first
658 installment, but shall be excluded in computing deferment charges and
659 refunds. When a loan contract provides for extra days in a first
660 installment period, for the purposes of sections 36a-555 to 36a-573,
661 inclusive, such extra days shall be treated as the first days in the first
662 installment period and the due dates of the remaining installments
663 shall be calculated from the due date of such first installment.

664 (d) If any installment remains unpaid for ten or more consecutive
665 days, including Sundays and holidays, after it is due, the licensee may
666 charge and collect a default charge not exceeding the lesser of seven
667 dollars and fifty cents or five cents per dollar, or fraction thereof, of
668 such scheduled installment, except a minimum default charge of three
669 dollars may be charged and collected. Default charges may be
670 collected when due or at any time thereafter, but may not be
671 accumulated until the last payment date.

672 (e) If, as of an installment due date, the payment date of all wholly
673 unpaid installments is deferred one or more full months and the
674 maturity of the contract is extended for a corresponding period, the
675 licensee may charge and collect a deferment charge not exceeding the
676 charge applicable to the first of the installments deferred, multiplied
677 by the number of months in the deferment period. The deferment
678 period is that period during which no payment is made or required by
679 reason of such deferment, except that no deferment made pursuant to
680 this subsection shall extend the maturity of any contract made under
681 sections 36a-555 to 36a-573, inclusive, for more than (1) three months,
682 for loans originally repayable in twenty-four months or less, (2) five
683 months, for loans originally repayable in more than twenty-four
684 months but not more than forty-eight months, and (3) eight months,
685 for loans originally repayable in more than forty-eight months. The
686 deferment charge may be collected at the time of deferment or at any
687 time thereafter. The portion of the charges contracted for under
688 subsection (a) of this section applicable to each deferred balance and

689 installment period following the deferment period shall remain the
690 same as that applicable to such balance and period under the original
691 contract of loan. No installment on which a default charge has been
692 collected, or on account of which any partial payment has been made,
693 shall be deferred or included in the computation of the deferment
694 charge unless such default charge or partial payment is refunded to the
695 borrower or credited to the deferment charge. Any payment received
696 at the time of deferment may be applied first to the deferment charge
697 and the remainder, if any, applied to the unpaid balance of the
698 contract, but if such payment is sufficient to pay, in addition to the
699 appropriate deferment charge, any installment which is in default and
700 the applicable default charge, it shall be first so applied and any such
701 installment shall not be deferred or subject to the deferment charge. If
702 a loan is prepaid in full during the deferment period, the borrower
703 shall receive, in addition to the refund required under subsection (f) of
704 this section, a refund of that portion of the deferment charge applicable
705 to any unexpired full month or months of such deferment period.

706 (f) If the contract of loan is prepaid in full by cash, a new loan or
707 otherwise, before the final installment date, the portion of the charges
708 applicable to the full installment periods, as scheduled originally in the
709 loan contract or as rescheduled by reason of any deferment made
710 pursuant to sections 36a-555 to 36a-573, inclusive, following the date of
711 prepayment shall be refunded or credited to the borrower. Where
712 prepayment occurs on other than a monthly installment due date, it
713 shall be deemed to have occurred on the preceding or succeeding
714 installment due date nearest to the date of prepayment. Where
715 prepayment occurs on a date midpoint between the preceding and
716 succeeding monthly installment due dates, it shall be deemed to have
717 occurred on the preceding monthly due date. In all cases where
718 prepayment occurs before the first monthly installment due date, it
719 shall be deemed to have occurred on the first monthly installment due
720 date. If judgment is obtained before the final installment date, the
721 judgment shall reflect the refund which would be required for
722 prepayment in full as of the date judgment is obtained. No refund of
723 less than one dollar or for partial prepayments need be made.

724 (g) If part or all of the consideration for a loan contract is the unpaid
725 balance, excluding default charges, of a prior loan with the same
726 licensee, the cash advance under such new loan contract may include
727 the balance of the prior contract which remains after giving the
728 required refund.

729 (h) In addition to the charges provided for by sections 36a-555 to
730 36a-573, inclusive, and service charges that are imposed for a check
731 that is dishonored as provided in subsection (i) of section 52-565a, no
732 further or other charge or amount for any examination, service,
733 brokerage, commission or other thing, or otherwise, shall be directly or
734 indirectly charged, contracted for or received. If interest or any other
735 charges in excess of those permitted by said sections are charged,
736 contracted for or received, except as the result of a bona fide error, the
737 contract of loan shall be void and the licensee shall have no right to
738 collect or receive any principal, interest or charges. No person shall
739 owe any licensee, as such, at any time more than fifteen thousand
740 dollars for principal as a borrower, comaker or guarantor for loans
741 made under said sections. No licensee shall induce or permit any
742 borrower or borrowers to split or divide any loan or loans made under
743 said sections, or permit any borrower to become obligated, directly or
744 indirectly, under more than one contract of loan under said sections at
745 the same time primarily for the purpose of obtaining a higher rate of
746 charge than would otherwise be permitted by said sections. No
747 contract made under said sections, except as deferred in accordance
748 with subsection (e) of this section, shall provide for a greater rate of
749 interest than twelve per cent per annum on the balance remaining
750 unpaid twenty-four months and fifteen days after the date of making
751 such contract if the original cash advance was one thousand dollars or
752 less or thirty-six months and fifteen days if the original cash advance
753 was in excess of one thousand dollars but not in excess of one
754 thousand eight hundred dollars. No contract made under said sections
755 with an original cash advance in excess of one thousand eight hundred
756 dollars, except as deferred in accordance with subsection (e) of this
757 section, shall provide for a greater rate of interest than twelve per cent
758 per annum on the balance remaining unpaid on the scheduled

759 maturity date of said contract. No part of the principal balance
760 remaining unpaid by a borrower twenty-four months and fifteen days
761 after making such contract where the original cash advance was one
762 thousand dollars or less or thirty-six months and fifteen days where
763 the original cash advance was in excess of one thousand dollars but
764 not in excess of one thousand eight hundred dollars, shall directly or
765 indirectly be renewed or refinanced by the lender who made such
766 loan. If the maturity date of a loan made under said sections has been
767 extended by deferred payments, the maximum renewal period that
768 such loan may be extended shall be the number of months such loan is
769 deferred. When a contract is renewed or refinanced prior to twenty-
770 four months and fifteen days where the original cash advance was one
771 thousand dollars or less or thirty-six months and fifteen days where
772 the original cash advance exceeded one thousand dollars but did not
773 exceed one thousand eight hundred dollars, from the date of making
774 such contract, such renewal or refinancing shall, for the purposes of
775 this section, be deemed a separate loan transaction.

776 (i) Notwithstanding the provisions of subsection (a) of this section,
777 on any loan secured by real property a licensee may include in the
778 amount of the loan the following closing costs, provided such costs are
779 bona fide, reasonable in amount and not assessed for the purpose of
780 circumventing or otherwise limiting any applicable provision of
781 sections 36a-555 to 36a-573, inclusive: (1) Fees or premiums for title
782 examination, abstract of title, title insurance, surveys, or similar
783 purposes; (2) appraisals, if made by a person who is not an employee
784 or affiliated with the licensee, and (3) fees and taxes paid to public
785 officials for the recording and release of any document related to the
786 real estate security. A licensee may collect costs incurred in the event
787 of foreclosure which shall not include any attorney's fee.

788 (j) No agreement with respect to a loan under sections 36a-555 to
789 36a-573, inclusive, may provide for charges resulting from default by
790 the borrower, other than those authorized by said sections.]

791 (a) An application for a small loan license shall be made and

792 processed on the system pursuant to section 36a-24b, in the form
793 prescribed by the commissioner on the system. Each such form shall
794 contain content as set forth by instruction or procedure of the
795 commissioner and may be changed or updated as necessary by the
796 commissioner in order to carry out the purpose of sections 36a-555 to
797 36a-573, inclusive, as amended by this act. The applicant shall, at a
798 minimum, furnish to the system, in a form prescribed by the system,
799 information concerning the identity of the applicant and any control
800 person of the applicant, the qualified individual and any branch
801 manager, including personal history and experience in a form
802 prescribed by the system and information related to any
803 administrative, civil or criminal findings by any governmental
804 jurisdiction. The commissioner, in accordance with section 29-17a, may
805 conduct a state and national criminal history records check of the
806 applicant and its control persons, qualified individual and branch
807 manager, and, in accordance with section 36a-24b, may require the
808 submission of fingerprints to the Federal Bureau of Investigation or
809 other state, national or international criminal databases and may
810 require control persons, qualified individuals and branch managers to
811 furnish authorization for the system and the commissioner to obtain an
812 independent credit report from a consumer reporting agency described
813 in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as
814 amended from time to time. Applicants may also be required to
815 upload on the system an audited financial statement prepared by a
816 certified public accountant in accordance with generally accepted
817 accounting principles dated not later than ninety days after the end of
818 the applicant's fiscal year. Such financial statement shall include a
819 balance sheet, income statement, statement of cash flows and all
820 relevant notes thereto. If the applicant is a start-up company, only an
821 initial statement of condition shall be required.

822 (b) The commissioner may deem an application for a small loan
823 license abandoned if the applicant fails to respond to any request for
824 information required under sections 36a-555 to 36a-573, inclusive, as
825 amended by this act, or any regulation adopted pursuant to section
826 36a-573, as amended by this act. The commissioner shall notify the

827 applicant on the system that if such information is not submitted
828 within sixty days after the date of such request, the application shall be
829 deemed abandoned. An application filing fee paid prior to the date an
830 application is deemed abandoned pursuant to this subsection shall not
831 be refunded. Abandonment of an application pursuant to this
832 subsection shall not preclude the applicant from submitting a new
833 application for a license under sections 36a-555 to 36a-573, inclusive, as
834 amended by this act.

835 Sec. 10. Section 36a-564 of the general statutes is repealed and the
836 following is substituted in lieu thereof (*Effective July 1, 2016*):

837 [As used in section 36a-563 and section 36a-568, "cash advance"
838 means the cash or its equivalent received by the borrower or paid out
839 on the borrower's behalf or at the borrower's direction or request.]

840 (a) Each applicant for a small loan license shall pay to the system
841 any required fees or charges and a license fee of four hundred dollars.
842 Each such license shall expire at the close of business on December
843 thirty-first of the year in which the license was approved, unless such
844 license is renewed, and provided any such license that is approved on
845 or after November first shall expire at the close of business on
846 December thirty-first of the year following the year in which it is
847 approved. An application for renewal of a license shall be filed
848 between November first and December thirty-first of the year in which
849 the license expires. Each applicant for renewal of a small loan license
850 shall pay to the system any required fees or charges and a renewal fee
851 of four hundred dollars.

852 (b) In accordance with section 36a-27b, the commissioner shall
853 automatically suspend any license if such person receives a deficiency
854 on the system indicating that a required payment was Returned-ACH
855 or returned pursuant to any other term as may be utilized by the
856 system to indicate that payment was not accepted. After the license has
857 been automatically suspended pursuant to this subsection, the
858 commissioner shall give such licensee notice of the automatic
859 suspension pending proceedings for revocation or refusal to renew

860 pursuant to section 36a-570, as amended by this act, and an
861 opportunity for a hearing on such action in accordance with section
862 36a-51, and require such licensee to take or refrain from taking such
863 action that, in the opinion of the commissioner, will effectuate the
864 purposes of this section.

865 (c) No abatement of the license fee shall be made if the license is
866 surrendered, revoked or suspended prior to the expiration of the
867 period for which the license was issued. All fees required by this
868 section shall be nonrefundable.

869 Sec. 11. Section 36a-565 of the general statutes is repealed and the
870 following is substituted in lieu thereof (*Effective July 1, 2016*):

871 [(a) "Open-end loan" means a loan made by a licensee under
872 sections 36a-555 to 36a-573, inclusive, pursuant to an agreement
873 between the licensee and the borrower whereby: (1) The licensee may
874 permit the borrower to obtain advances of money from the licensee
875 from time to time or the licensee may advance money on behalf of the
876 borrower from time to time as directed by the borrower, not exceeding
877 at any one time an unpaid principal balance of fifteen thousand
878 dollars; (2) the amount of each advance and permitted interest, charges
879 and costs are debited to the borrower's account and payments and
880 other credits are credited to the same account; (3) the interest is
881 computed on the unpaid principal balance or balances of the account
882 from time to time; (4) the borrower has the privilege of paying the
883 account in full at any time or, if the account is not in default, in
884 monthly installments of fixed or determinable amounts as provided in
885 the agreement; and (5) the agreement expressly states that it covers
886 open-end loans pursuant to said sections.

887 (b) "Billing cycle" means the time interval between periodic billing
888 dates. A billing cycle shall be considered monthly if the closing date of
889 the cycle is the same date each month or does not vary by more than
890 four days from such date.

891 (c) A licensee may make open-end loans and may charge, contract

892 for and receive thereon interest at an annual percentage rate not to
893 exceed nineteen and eight-tenths per cent for any open-end loan
894 agreement entered into on and after July 1, 1991. A licensee may also
895 receive, pursuant to any such agreement entered into on and after July
896 1, 1991, one or more of the following charges if the agreement so
897 provides: (1) An annual fee not to exceed fifty dollars for the privileges
898 made available to the borrower under the open-end loan agreement;
899 (2) a default charge subject to the conditions and restrictions set forth
900 in subsection (d) of section 36a-563; (3) service charges that are
901 imposed for a check that is dishonored as provided in subsection (i) of
902 section 52-565a; and (4) reasonable attorneys' fees subject to the
903 conditions and restrictions set forth in section 42-150aa. In addition to
904 the charges provided for by this section, no further or other charge or
905 amount for any examination, service, brokerage, commission or other
906 thing, or otherwise, shall be directly or indirectly charged, contracted
907 for or received. If interest or any charges in excess of those permitted
908 by this section are charged, contracted for or received, except as the
909 result of a bona fide error, the contract of loan shall be void and the
910 licensee shall have no right to collect or receive any principal, interest
911 or charges. No person shall owe any licensee, as such, at any time
912 more than fifteen thousand dollars for principal as a borrower,
913 comaker or guarantor for loans made under this section. As used in
914 this section, the term "bona fide error" includes, but shall not be limited
915 to, clerical, calculation, computer malfunction and programming and
916 printing errors, but does not include an error of legal judgment with
917 respect to a person's obligations under sections 36a-555 to 36a-573,
918 inclusive.

919 (d) A licensee shall not compound interest or charges by adding any
920 unpaid interest or charges authorized by this section to the unpaid
921 principal balance of the borrower's account.

922 (e) Interest authorized by this section shall be computed in each
923 billing cycle by any of the following methods: (1) By converting the
924 annual percentage rate to a daily rate and multiplying such daily rate
925 by the daily unpaid principal balance of the account, in which case the

926 daily rate is determined by dividing the annual percentage rate by
927 three hundred and sixty-five; or (2) by converting the annual
928 percentage rate to a monthly rate and multiplying the monthly rate by
929 the average daily unpaid principal balance of the account in the billing
930 cycle, in which case the monthly rate is determined by dividing the
931 annual percentage rate by twelve and the average daily unpaid
932 principal balance is the sum of the amount unpaid each day during the
933 cycle divided by the number of days in the cycle.

934 (f) For all of the methods of computation specified in subsection (e)
935 of this section, the billing cycle shall be monthly and the unpaid
936 principal balance on any day shall be determined by adding to any
937 balance unpaid as of the beginning of that day all advances and other
938 permissible amounts charged to the borrower and deducting all
939 payments and other credits made or received that day.

940 (g) Credit life insurance and credit accident and health insurance
941 may be sold to the borrower on open-end loans subject to the
942 conditions and restrictions set forth in section 36a-566. In the case of
943 credit life insurance, the amount of the insurance shall be sufficient to
944 pay the total balance of the loan due on the date of the insured's death.
945 The additional charge for credit life insurance and credit accident and
946 health insurance shall be calculated in each billing cycle by applying
947 the current monthly premium rate for such insurance, as such rate may
948 be determined by the Insurance Commissioner, to the unpaid balances
949 in the account, using any of the methods specified in subsection (e) of
950 this section for the calculation of loan charges. No credit life insurance
951 or credit accident and health insurance written in connection with an
952 open-end loan shall be cancelled by the licensee because of
953 delinquency of the borrower in the making of the required minimum
954 payments on the loan unless one or more of such payments is past due
955 for a period of ninety days or more; and the licensee shall advance to
956 the insurer the amounts required to keep the insurance in force during
957 such period, which amounts may be debited to the borrower's account.
958 The borrower shall have the right to cancel credit accident and health
959 insurance at any time by giving written notice of cancellation to the

960 licensee. Such cancellation shall be effective at the end of the billing
961 cycle in which the notice is received and the licensee shall discontinue
962 any further charges for credit accident and health insurance.

963 (h) No licensee shall take any confession of judgment or any power
964 of attorney. No licensee shall take a mortgage, lien, security interest in
965 or assignment or pledge of household goods or assignment of wages
966 as security for any open-end loan made pursuant to this section. No
967 licensee shall take a security interest in chattels, tangible or intangible
968 personal property, motor vehicles or real property to secure an open-
969 end loan made pursuant to this section.

970 (i) A copy of the open-end loan agreement shall be delivered by the
971 licensee to the borrower at the time the open-end account is opened.

972 (j) Sections 36a-563, 36a-567 and 36a-568 shall not apply to open-end
973 loans made in accordance with the provisions of this section.]

974 (a) Upon the filing of the required application and license fee under
975 sections 36a-563 and 36a-564, as amended by this act, the
976 commissioner shall investigate the facts and no license shall be granted
977 unless the commissioner finds that: (1) The experience, character and
978 general fitness of the applicant and its control persons, qualified
979 individual and any branch manager are satisfactory; (2) the activities to
980 be conducted by the applicant will be for the convenience and
981 advantage of the consumers it seeks to serve; (3) the applicant has
982 available the funds required by subsection (d) of this section; and (4)
983 the applicant and its control persons and any qualified individual and
984 branch manager have not made a material misstatement in the
985 application. If the commissioner fails to make such findings, the
986 commissioner shall not issue a license and shall notify the applicant of
987 the denial and the reasons for such denial.

988 (b) Notwithstanding the provisions of subsection (a) of this section,
989 the commissioner may deny an application if the applicant or its
990 control persons or qualified individual or branch manager have
991 demonstrated a lack of financial responsibility. For purposes of this

992 subsection, a person has shown that he or she is not financially
993 responsible when such person has shown a disregard in the
994 management of such person's own financial condition. A
995 determination that a person has not shown financial responsibility
996 may include, but is not limited to: (1) Current outstanding judgments,
997 except judgments solely as a result of medical expenses; (2) current
998 outstanding tax liens or other government liens and filings; (3)
999 foreclosures during the three years preceding the date of application
1000 for an initial license or renewal of a license; or (4) a pattern of seriously
1001 delinquent accounts within the past three years.

1002 (c) Notwithstanding the provision of subsection (a) of this section,
1003 and subject to the provisions of section 46a-80, the commissioner may
1004 deny an application based on the history of criminal convictions of the
1005 applicant or of its control persons or qualified individual or branch
1006 manager.

1007 (d) Applicants shall have a minimum of fifty thousand dollars
1008 continuously available for each licensed location. The requirement of
1009 this subsection may be met by cash on hand, cash in bank or lines of
1010 credit.

1011 (e) The minimum standards for renewal of a small loan license shall
1012 include the following: (1) The applicant continues to meet the
1013 minimum standards under subsection (a) of this section; (2) the
1014 applicant has paid all required fees for renewal of the license; and (3)
1015 the applicant has paid any outstanding examination fees or other
1016 moneys due to the commissioner.

1017 (f) (1) Withdrawal of an application for a license shall become
1018 effective upon the commissioner's acceptance on the system of a
1019 withdrawal request. The commissioner may deny a license up to the
1020 date one year after the date the withdrawal became effective.
1021 Surrender of a license shall be governed by subsection (c) of section
1022 36a-51. Not later than fifteen days after a licensee ceases to engage in
1023 this state in the business of a small loan lender for any reason,
1024 including a business decision to terminate operations in this state,

1025 license revocation, bankruptcy or voluntary dissolution, such licensee
1026 shall request surrender of the license on the system for each location in
1027 which such licensee has ceased to engage in such business.

1028 (2) If the license expires due to the licensee's failure to renew, the
1029 commissioner may institute a revocation or suspension proceeding or
1030 issue an order suspending or revoking such license pursuant to section
1031 36a-570, as amended by this act, not later than one year after the date
1032 of such expiration.

1033 (g) Every license shall remain in force and effect until the license has
1034 been surrendered, revoked or suspended, or has expired in accordance
1035 with the provisions of sections 36a-555 to 36a-573, inclusive, as
1036 amended by this act.

1037 Sec. 12. Section 36a-566 of the general statutes is repealed and the
1038 following is substituted in lieu thereof (*Effective July 1, 2016*):

1039 [(a) Subject to the conditions provided in this section, insurance may
1040 be sold to the borrower at his request (1) for insuring the life of persons
1041 obligated on a loan pursuant to sections 38a-645 to 38a-658, inclusive,
1042 and (2) providing accident and health insurance covering one person
1043 on a loan pursuant to sections 38a-645 to 38a-658, inclusive. Credit
1044 accident and health insurance shall not provide indemnity against the
1045 risk of a borrower becoming disabled for a period of less than fourteen
1046 days, except that it may provide for retroactive coverage if the
1047 disability continues for the period stated in the policy. Irrespective of
1048 the number of obligors only one obligor may be insured, except that
1049 life insurance may cover both a borrower and such borrower's spouse
1050 where both are obligors on a loan. A licensee shall not require the
1051 purchasing of insurance as a condition precedent to the making of a
1052 loan. A licensee shall, both verbally and in writing, inform the
1053 borrower prior to his entering into any loan contract of his right not to
1054 purchase credit insurance. Any gain or benefit to the licensee directly
1055 or indirectly from such insurance or the sale or provision thereof shall
1056 not be deemed to be additional or further charges, interest or
1057 consideration in connection with a loan made under sections 36a-555

1058 to 36a-573, inclusive, nor a charge in excess of that permitted by said
1059 sections.

1060 (b) If a borrower obtains credit accident and health insurance, the
1061 borrower shall have the right for a period of fifteen days after the loan
1062 is made to cancel the entire insurance coverage. Notification of this
1063 right shall be made in the borrower's insurance election. All persons
1064 obligated on the loan must agree in writing to the cancellation and
1065 return all certificates. Upon cancellation, the licensee shall, at his
1066 option, either refund the insurance charges to the borrower or apply
1067 them to the unpaid balance of the loan.]

1068 (a) No license issued under section 36a-556, as amended by this act,
1069 shall be assignable or transferable. Any proposed change in the control
1070 persons, shall be the subject of an advance change notice filed on the
1071 system at least sixty days prior to the effective date of such change and
1072 any change to the control persons shall not occur without the
1073 commissioner's approval.

1074 (b) No licensee may use any name other than its legal name or a
1075 fictitious name approved by the commissioner, provided such licensee
1076 may not use its legal name if the commissioner disapproves of such
1077 name. No licensee shall engage in any activity requiring a small loan
1078 license under any other name or at any other place of business than
1079 that named in the license. Any proposed change in a licensee's name or
1080 to the licensee's place of business shall be the subject of an advance
1081 change notice filed on the system at least thirty days prior to the
1082 effective date of such change and any change to the licensee's name or
1083 place of business shall not be made without the commissioner's
1084 approval of such change.

1085 Sec. 13. Section 36a-567 of the general statutes is repealed and the
1086 following is substituted in lieu thereof (*Effective July 1, 2016*):

1087 [Every licensee shall (1) permit payment of the loan in whole or in
1088 part prior to its maturity, and (2) upon repayment of the loan in full,
1089 mark indelibly each paper signed by the borrower with the word

1090 "paid" or "cancelled", and cancel and return any note or, in lieu thereof,
1091 transmit or deliver to the borrower a duplicate of the original
1092 document clearly identifying the loan, showing such loan has been
1093 paid in full and the note cancelled.]

1094 (a) A licensee shall file any change in the information most recently
1095 submitted in connection with the license with the system or if the
1096 information cannot be filed on the system, directly notify the
1097 commissioner, in writing, of such change in the information not later
1098 than fifteen days after the licensee has reason to know of such change.

1099 (b) A licensee shall file with the system or, if the information cannot
1100 be filed on the system, directly notify the commissioner, in writing, of
1101 the occurrence of any of the following developments not later than
1102 fifteen days after the licensee had reason to know of the occurrence: (1)
1103 Filing for bankruptcy or the consummation of a corporate
1104 restructuring of the licensee; (2) filing of a criminal indictment against
1105 the licensee in any way related to the activities of the licensee or
1106 receiving notification of the filing of any criminal felony indictment or
1107 felony conviction of any of the licensee's control persons or qualified
1108 individual or branch manager; (3) receiving notification of the
1109 institution of a license denial, cease and desist, suspension or
1110 revocation procedures, or other formal or informal action by any
1111 governmental agency against the licensee and the reasons therefor; (4)
1112 receiving notification of the initiation of any action by the Attorney
1113 General or the attorney general of any other state and the reasons
1114 therefor; (5) receiving notification of a material adverse action with
1115 respect to any existing line of credit or warehouse credit agreement; (6)
1116 receiving notification of any of the licensee's control persons or
1117 qualified individual or branch manager filing or having filed for
1118 bankruptcy; or (7) a decrease in the available funds required by section
1119 36a-565, as amended by this act.

1120 Sec. 14. Section 36a-568 of the general statutes is repealed and the
1121 following is substituted in lieu thereof (*Effective July 1, 2016*):

1122 [No licensee shall take any confession of judgment or any power of

1123 attorney, nor shall he take any note or promise to pay that does not
1124 state the actual amount of the loan, the time for which it is made and
1125 the charges, or any instrument in which blanks are left to be filled after
1126 the loan is made. No licensee shall take a mortgage, lien, security
1127 interest in or assignment or pledge of household goods or an
1128 assignment of wages as security for any loan made under sections 36a-
1129 555 to 36a-573, inclusive. A licensee may take a security interest in
1130 chattels or personal property other than household goods, except a
1131 security interest in an automobile may not be taken as security for any
1132 loan where the cash advance is one thousand eight hundred dollars or
1133 less. A licensee may take a security interest in real estate on loans
1134 made under said sections where the cash advance is in excess of one
1135 thousand eight hundred dollars, but may not take such a security
1136 interest in real estate where the cash advance is one thousand eight
1137 hundred dollars or less. A contract for a loan under said sections shall
1138 not originally schedule any repayment of the cash advance over a
1139 period in excess of twenty-four months and fifteen days if the amount
1140 of the original cash advance was one thousand dollars or less or thirty-
1141 six months and fifteen days if the amount of the original cash advance
1142 was more than one thousand dollars but not in excess of one thousand
1143 eight hundred dollars or seventy-two months and fifteen days if the
1144 amount of the original cash advance was in excess of one thousand
1145 eight hundred dollars, and shall be repayable in installments of cash
1146 advance and charges combined which are substantially equal in
1147 amount or so arranged that no installment is substantially greater in
1148 amount than any preceding installment and which are payable at
1149 approximately equal intervals not exceeding one month, except that
1150 the first installment may be payable not more than one month and
1151 fifteen days after the date of such contract. The requirements of section
1152 36a-785 shall apply to any repossession under sections 36a-555 to 36a-
1153 573, inclusive, of property other than real estate.]

1154 (a) The unique identifier of any small loan licensee shall be clearly
1155 shown on the licensee's application forms for a small loan and all of
1156 the licensee's solicitations or advertisements, including business cards
1157 or Internet web sites, and any other documents as established by rule,

1158 regulation or order of the commissioner.

1159 (b) The advertising of a licensee: (1) Shall not include any statement
1160 that it is endorsed in any way by the state of Connecticut, except it
1161 may include a statement that it is licensed in Connecticut; (2) shall not
1162 include any statement or claim which is deceptive, false or misleading;
1163 (3) shall be retained for one year from the date of its use; and (4) shall
1164 otherwise conform to the requirements of sections 36a-555 to 36a-573,
1165 inclusive, as amended by this act, and any regulations issued
1166 thereunder.

1167 Sec. 15. Section 36a-569 of the general statutes is repealed and the
1168 following is substituted in lieu thereof (*Effective July 1, 2016*):

1169 [Each licensee shall keep books and records at the place of business
1170 specified in the license in such form and in such manner as the
1171 commissioner prescribes and shall preserve all books, accounts and
1172 records, including cards used in the card system, if any, for at least two
1173 years after making the final entry recorded therein. Each such licensee
1174 shall, annually, on or before January thirtieth, furnish a sworn
1175 statement of the condition of the business of such licensee as of
1176 December thirty-first, together with such other information and
1177 statements as the commissioner may, from time to time, require. Each
1178 licensee which fails to furnish any such sworn statement or required
1179 information in connection with this section, shall pay to the state ten
1180 dollars for each day that such failure continues, unless excused by the
1181 commissioner for cause. The commissioner may, upon the failure of
1182 any such licensee to furnish such sworn statement or other
1183 information, after a hearing thereon, cancel the license of such
1184 licensee.]

1185 (a) Each small loan licensee shall keep adequate books and records
1186 at the place of business specified in the license in such form and in
1187 such manner as the commissioner prescribes and shall preserve all
1188 books, accounts and records for the following time periods: (1) If the
1189 licensee brokered the small loan, at least two years after the date it was
1190 brokered; (2) if the licensee made the small loan, at least two years

1191 after the date the licensee (A) no longer owns the small loan, or (B) has
1192 made the final entry on such small loan; or (3) if the licensee did not
1193 make the small loan but is servicing the small loan, at least two years
1194 after the date the licensee (A) no longer owns the rights to service the
1195 small loan, or (B) has made the final entry on such small loan.

1196 (b) Each licensee shall make such records available at such office or
1197 send such records to the commissioner by registered or certified mail,
1198 return receipt requested, or by any express delivery carrier that
1199 provides a dated delivery receipt, not later than five business days
1200 after requested to do so by the commissioner. Upon request, the
1201 commissioner may grant a licensee additional time to make such
1202 records available or send them to the commissioner.

1203 (c) Licensees shall be required to complete any reports of condition
1204 required by the system. Any such reports of condition shall be
1205 accurately and timely filed on the system in accordance with the due
1206 dates and formats required by the system.

1207 (d) Until such time as information is able to be captured by a
1208 system-based report, each licensee shall furnish annually, on or before
1209 January thirtieth, a sworn statement of the condition of the business of
1210 such licensee as of the preceding December thirty-first, together with
1211 such other information and statements as the commissioner may, from
1212 time to time, require. Any licensee that fails to furnish any such report
1213 of condition pursuant to subsection (c) of this section or such sworn
1214 statement or any other information required by this subsection shall be
1215 in violation of this section.

1216 Sec. 16. Section 36a-570 of the general statutes is repealed and the
1217 following is substituted in lieu thereof (*Effective July 1, 2016*):

1218 [The commissioner may adopt such regulations, in accordance with
1219 chapter 54, and make such findings as may be necessary for the
1220 conduct of the small loan business and its association with other
1221 businesses, the conduct of the associated businesses and the
1222 enforcement of the provisions of sections 36a-555 to 36a-573, inclusive.]

1223 (a) (1) The commissioner may suspend, revoke or refuse to renew
1224 any license issued under sections 36a-555 to 36a-573, inclusive, as
1225 amended by this act, or take any other action, in accordance with the
1226 provisions of section 36a-51, for any reason that would be sufficient
1227 grounds for the commissioner to deny an application for such license
1228 under sections 36a-555 to 36a-573, inclusive, as amended by this act, or
1229 if the commissioner finds that the licensee or any control person of the
1230 licensee, qualified individual or branch manager with supervisory
1231 authority, trustee, employee or agent of such licensee has done any of
1232 the following: (A) Made any material misstatement in the application;
1233 (B) committed any fraud, misappropriated funds or misrepresented,
1234 concealed, suppressed, intentionally omitted or otherwise intentionally
1235 failed to disclose any of the material particulars of any small loan
1236 transaction to anyone entitled to such information, including, but not
1237 limited to, any disclosures required by part III of chapter 669 or
1238 regulations adopted pursuant thereto; (C) violated any of the
1239 provisions of this title, any regulations adopted pursuant thereto or
1240 any other law or regulation applicable to the conduct of its business; or
1241 (D) failed to perform any agreement with a licensee or a borrower.

1242 (b) Whenever it appears to the commissioner that (1) any person has
1243 violated, is violating or is about to violate any of the provisions of
1244 sections 36a-555 to 36a-573, inclusive, as amended by this act, or any
1245 regulation adopted pursuant thereto, (2) any person is, was or would
1246 be a cause of the violation of any such provision or regulation due to
1247 an act or omission such person knew or should have known would
1248 contribute to such violation, or (3) any licensee has failed to perform
1249 any agreement with a borrower, committed any fraud,
1250 misappropriated funds or misrepresented, concealed, suppressed,
1251 intentionally omitted or otherwise intentionally failed to disclose any
1252 of the material particulars of any small loan transaction to anyone
1253 entitled to such information, including disclosures required by part III
1254 of chapter 669 or regulations adopted pursuant thereto, the
1255 commissioner may take action against such person or licensee in
1256 accordance with sections 36a-50 and 36a-52.

1257 (c) (1) The commissioner may order a licensee to remove any
1258 individual conducting business under sections 36a-555 to 36a-573,
1259 inclusive, as amended by this act, from office and from employment or
1260 retention as an independent contractor in the small loan business in
1261 this state whenever the commissioner finds as the result of an
1262 investigation that such individual: (A) Has violated any of said
1263 sections or any regulations adopted pursuant thereto or any order
1264 issued thereunder, or (B) for any reason that would be sufficient
1265 grounds for the commissioner to deny a license under section 36a-565,
1266 as amended by this act, by sending a notice to such individual by
1267 registered or certified mail, return receipt requested or by any express
1268 delivery carrier that provides a dated delivery receipt. The notice shall
1269 be deemed received by such individual on the earlier of the date of
1270 actual receipt or seven days after mailing or sending. Any such notice
1271 shall include: (i) A statement of the time, place and nature of the
1272 hearing; (ii) a statement of the legal authority and jurisdiction under
1273 which the hearing is to be held; (iii) a reference to the particular
1274 sections of the general statutes, regulations or orders alleged to have
1275 been violated; (iv) a short and plain statement of the matters asserted;
1276 and (v) a statement indicating that such individual may file a written
1277 request for a hearing on the matters asserted not later than fourteen
1278 days after receipt of the notice. If the commissioner finds that the
1279 protection of borrowers requires immediate action, the commissioner
1280 may suspend any such individual from office and require such
1281 individual to take or refrain from taking such action as in the opinion
1282 of the commissioner will effectuate the purposes of this subsection, by
1283 incorporating a finding to that effect in such notice. The suspension or
1284 prohibition shall become effective upon receipt of such notice and,
1285 unless stayed by a court, shall remain in effect until the entry of a
1286 permanent order or the dismissal of the matters asserted.

1287 (2) If a hearing is requested within the time specified in the notice,
1288 the commissioner shall hold a hearing upon the matters asserted in the
1289 notice unless such individual fails to appear at the hearing. After the
1290 hearing, if the commissioner finds that any of the grounds set forth in
1291 subparagraph (A) or (B) of subdivision (1) of this subsection exist with

1292 respect to such individual, the commissioner may order a licensee to
1293 remove such individual from office and from any employment in the
1294 small loan business in this state. If such individual fails to appear at the
1295 hearing, the commissioner may order the removal of such individual
1296 from office and from employment in the small loan business in this
1297 state.

1298 (d) The commissioner may issue a temporary order to cease
1299 business under a license if the commissioner determines that such
1300 license was issued erroneously. The commissioner shall give the
1301 licensee an opportunity for a hearing on such action in accordance
1302 with section 36a-52. Such temporary order shall become effective upon
1303 receipt by the licensee and, unless set aside or modified by a court,
1304 shall remain in effect until the effective date of a permanent order or
1305 dismissal of the matters asserted in the notice.

1306 Sec. 17. Section 36a-572 of the general statutes is repealed and the
1307 following is substituted in lieu thereof (*Effective July 1, 2016*):

1308 [The commissioner may suspend, revoke or refuse to renew any
1309 license issued under the provisions of section 36a-556 or take any other
1310 action, in accordance with section 36a-51, if the commissioner finds
1311 that the licensee has violated any provision of sections 36a-555 to 36a-
1312 573, inclusive, or any regulation or order lawfully made pursuant to
1313 and within the authority of said sections, or if the commissioner finds
1314 that any fact or condition exists which, if it had existed at the time of
1315 the original application for the license, clearly would have warranted a
1316 denial of such license.]

1317 (a) In addition to any authority provided under this title, the
1318 commissioner shall have the authority to conduct investigations and
1319 examinations as follows:

1320 (1) For purposes of initial small loan licensing, license renewal,
1321 license suspension, license conditioning, license revocation or
1322 termination or general or specific inquiry or investigation to determine
1323 compliance with sections 36a-555 to 36a-573, inclusive, as amended by

1324 this act, the commissioner may access, receive and use any books,
1325 accounts, records, files, documents, information or evidence,
1326 including, but not limited to: (A) Criminal, civil and administrative
1327 history information; (B) personal history and experience information,
1328 including independent credit reports obtained from a consumer
1329 reporting agency described in Section 603(p) of the federal Fair Credit
1330 Reporting Act, 15 USC 1681a; and (C) any other documents,
1331 information or evidence the commissioner deems relevant to the
1332 inquiry or investigation regardless of the location, possession, control
1333 or custody of such documents, information or evidence.

1334 (2) For the purposes of investigating violations or complaints arising
1335 under sections 36a-555 to 36a-573, inclusive, as amended by this act, or
1336 for the purposes of examination, the commissioner may review,
1337 investigate or examine any licensee, individual or person subject to
1338 said sections as often as necessary in order to carry out the purposes of
1339 said sections. The commissioner may direct, subpoena or order the
1340 attendance of and examine under oath all persons whose testimony
1341 may be required about the loans or the business or subject matter of
1342 any such examination or investigation, and may direct, subpoena or
1343 order such person to produce books, accounts, records, files and any
1344 other documents the commissioner deems relevant to the inquiry.

1345 (b) Each licensee or person subject to sections 36a-555 to 36a-573,
1346 inclusive, as amended by this act, shall make or compile reports or
1347 prepare other information as directed by the commissioner in order to
1348 carry out the purposes of this section, including accounting
1349 compilations, information lists and data concerning loan transactions
1350 in a format prescribed by the commissioner or such other information
1351 the commissioner deems necessary to carry out the purposes of this
1352 section.

1353 (c) In making any examination or investigation authorized by this
1354 section, the commissioner may control access to any documents and
1355 records of the licensee or person under examination or investigation.
1356 The commissioner may take possession of the documents and records

1357 or place a person in exclusive charge of the documents and records in
1358 the location where they are usually kept. During the period of control,
1359 no individual or person shall remove or attempt to remove any of the
1360 documents and records except pursuant to a court order or with the
1361 consent of the commissioner. Unless the commissioner has reasonable
1362 grounds to believe the documents or records of the licensee have been,
1363 or are at risk of being, altered or destroyed for purposes of concealing
1364 a violation of sections 36a-555 to 36a-573, inclusive, as amended by this
1365 act, the licensee or owner of the documents and records shall have
1366 access to the documents or records as necessary to conduct its ordinary
1367 business affairs.

1368 (d) In order to carry out the purposes of this section, the
1369 commissioner may:

1370 (1) Retain attorneys, accountants or other professionals and
1371 specialists as examiners, auditors or investigators to conduct or assist
1372 in the conduct of examinations or investigations;

1373 (2) Enter into agreements or relationships with other government
1374 officials or regulatory associations in order to improve efficiencies and
1375 reduce regulatory burden by sharing (A) resources, (B) standardized
1376 or uniform methods or procedures, and (C) documents, records,
1377 information or evidence obtained under this section;

1378 (3) Use, hire, contract or employ public or privately available
1379 analytical systems, methods or software to examine or investigate the
1380 licensee, individual or person subject to sections 36a-555 to 36a-573,
1381 inclusive, as amended by this act;

1382 (4) Accept and rely on examination or investigation reports made by
1383 other government officials, within or without this state; and

1384 (5) Accept audit reports made by an independent certified public
1385 accountant for the licensee, individual or person subject to sections
1386 36a-555 to 36a-573, inclusive, as amended by this act, in the course of
1387 the part of the examination covering the same general subject matter as

1388 the audit and may incorporate the audit report in the report of the
1389 examination, report of investigation or other writing of the
1390 commissioner.

1391 (e) The authority of this section shall remain in effect, whether such
1392 licensee, individual or person subject to sections 36a-555 to 36a-573,
1393 inclusive, as amended by this act, acts or claims to act under any
1394 licensing or registration law of this state or claims to act without such
1395 authority.

1396 (f) No licensee or person subject to investigation or examination
1397 under this section may knowingly withhold, abstract, remove,
1398 mutilate, destroy or secrete any books, records, computer records or
1399 other information.

1400 Sec. 18. Section 36a-573 of the 2016 supplement to the general
1401 statutes is repealed and the following is substituted in lieu thereof
1402 (*Effective July 1, 2016*):

1403 [(a) No person, except as authorized by the provisions of sections
1404 36a-555 to 36a-573, inclusive, shall, directly or indirectly, charge,
1405 contract for or receive any interest, charge or consideration greater
1406 than twelve per cent per annum upon the loan, use or forbearance of
1407 money or credit of the amount or value of (1) five thousand dollars or
1408 less for any such transaction entered into before October 1, 1997, and
1409 (2) fifteen thousand dollars or less for any such transaction entered
1410 into on and after October 1, 1997. The provisions of this section shall
1411 apply to any person who, as security for any such loan, use or
1412 forbearance of money or credit, makes a pretended purchase of
1413 property from any person and permits the owner or pledgor to retain
1414 the possession thereof, or who, by any device or pretense of charging
1415 for the person's services or otherwise, seeks to obtain a greater
1416 compensation than twelve per cent per annum. No loan for which a
1417 greater rate of interest or charge than is allowed by the provisions of
1418 sections 36a-555 to 36a-573, inclusive, has been contracted for or
1419 received, wherever made, shall be enforced in this state, and any
1420 person in any way participating therein in this state shall be subject to

1421 the provisions of said sections, provided, a loan lawfully made after
1422 June 5, 1986, in compliance with a validly enacted licensed loan law of
1423 another state to a borrower who was not, at the time of the making of
1424 such loan, a resident of Connecticut but who has become a resident of
1425 Connecticut, may be acquired by a licensee and its interest provision
1426 shall be enforced in accordance with its terms.

1427 (b) The provisions of subsection (a) of this section shall apply to any
1428 loan made or renewed in this state if the loan is made to a borrower
1429 who resides in or maintains a domicile in this state and such borrower
1430 (1) negotiates or agrees to the terms of the loan in person, by mail, by
1431 telephone or via the Internet while physically present in this state; (2)
1432 enters into or executes a loan agreement with the lender in person, by
1433 mail, by telephone or via the Internet while physically present in this
1434 state; or (3) makes a payment of the loan in this state. As used in this
1435 subsection, "payment of the loan" includes a debit on an account the
1436 borrower holds in a branch of a financial institution or the use of a
1437 negotiable instrument drawn on an account at a financial institution,
1438 and "financial institution" means any bank or credit union chartered or
1439 licensed under the laws of this state, any other state or the United
1440 States and having its main office or a branch office in this state.

1441 (c) For transactions subject to the provisions of subsection (a) of this
1442 section, if any interest, consideration or charges in excess of those
1443 permitted are charged, contracted for or received, the contract of loan,
1444 use or forbearance of money or credit shall be void and no person shall
1445 have the right to collect or receive any principal, interest, charge or
1446 other consideration.

1447 (d) No person shall, directly or indirectly, assist or aid and abet any
1448 person in conduct prohibited by sections 36a-555 to 36a-573, inclusive.

1449 (e) Whenever it appears to the commissioner that any person has
1450 violated the provisions of this section or offered a loan that violates the
1451 provisions of this section, the commissioner may investigate, take
1452 administrative action or assess civil penalties and restitution in
1453 accordance with the provisions of sections 36a-50 and 36a-52.]

1454 The commissioner may adopt such regulations, in accordance with
1455 chapter 54, as the commissioner deems necessary to administer and
1456 enforce the provisions of this section and sections 36a-555 to 36a-572,
1457 inclusive, as amended by this act.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2016</i>	36a-555
Sec. 2	<i>July 1, 2016</i>	36a-556
Sec. 3	<i>July 1, 2016</i>	36a-557
Sec. 4	<i>July 1, 2016</i>	36a-558
Sec. 5	<i>July 1, 2016</i>	36a-559
Sec. 6	<i>July 1, 2016</i>	36a-560
Sec. 7	<i>July 1, 2016</i>	36a-561
Sec. 8	<i>July 1, 2016</i>	36a-562
Sec. 9	<i>July 1, 2016</i>	36a-563
Sec. 10	<i>July 1, 2016</i>	36a-564
Sec. 11	<i>July 1, 2016</i>	36a-565
Sec. 12	<i>July 1, 2016</i>	36a-566
Sec. 13	<i>July 1, 2016</i>	36a-567
Sec. 14	<i>July 1, 2016</i>	36a-568
Sec. 15	<i>July 1, 2016</i>	36a-569
Sec. 16	<i>July 1, 2016</i>	36a-570
Sec. 17	<i>July 1, 2016</i>	36a-572
Sec. 18	<i>July 1, 2016</i>	36a-573